

REVISED
FILING INSTRUCTIONS FOR THE
VIRGINIA TAX PACKET
(PREMIUM LICENSE TAX/ASSESSMENTS REPORTS)
FOR YEAR ENDED DECEMBER 31, 2005

FORMS (New for 2005)

The specific forms required to be filed by your company are listed by NAIC Number on this website only. You will **not** receive a letter listing the forms as in past years. After reading these instructions, you will enter your company's NAIC Number (Company Code) on the **Annual Tax Packet Download Acknowledgement** screen and click on **Look Up**. The forms will appear in link format. Click on the link and the actual form will appear. Forms may still be completed on-line, but must be printed out and mailed to the Bureau along with all payments.

DO NOT FILE ANY FORM THAT IS NOT REQUIRED OF YOUR COMPANY. Any form and payment filed that is not required will NOT be returned.

NOTE TO COMPANIES THAT MERGED DURING 2005: IF THE MERGER WAS EFFECTIVE *IN VIRGINIA* ANY TIME DURING 2005, THE NON-SURVIVING COMPANY SHOULD **NOT** FILE THE 2005 TAX PACKET. THE SURVIVING COMPANY MUST FILE COMBINED TAX/ASSESSMENT FORMS THAT INCLUDE THE MERGING COMPANY'S PREMIUM. A WRITTEN REQUEST MUST BE MADE TO TRANSFER ANY ESTIMATED TAX/ASSESSMENT PAYMENTS MADE BY THE MERGING COMPANY DURING 2005 TO THE SURVIVING COMPANY.

All tax/assessment forms have been revised for 2005. **IT IS THE COMPANY'S RESPONSIBILITY TO MAKE SURE ALL FORMS ARE FILED.** If a form has not been listed on the tax packet link, it *usually* means the form is not required of your company. However, if the form has been required in the past, contact Joyce Doss, (804) 371-9096, to ascertain whether the form is still required. All forms are due on or before March 1, 2006. Virginia accepts the postmark date as timely filed.

FORMS WITH CHECKS

A **SEPARATE** check MUST be submitted with each form that requires payment. **DO NOT SEND ONE CHECK TO COVER ALL PAYMENTS DUE.** All checks should be made payable to the Treasurer of Virginia. An overpayment on one form cannot be used to offset an amount due on another form.

ALL TAX/ASSESSMENT/GUARANTY FUND CREDIT CALCULATIONS MUST BE CARRIED OUT TO THE CENTS. HOWEVER, PREMIUMS MUST BE SHOWN IN WHOLE DOLLARS.

DO NOT SEND A COVER LETTER WITH PAYMENTS.

The letter is separated from the forms and provides no proof that all forms were filed.

DO NOT SEND TAX FORMS INSIDE THE ANNUAL STATEMENTS.

DO NOT FILE THE TAX FORMS WITH THE ANNUAL STATEMENT. The tax/assessment forms are **NOT** part of the Annual Renewal (Annual Statement) Packet. **Forms included with the Annual Statement and received in the Administrative Tax Unit after March 1 will be considered late.** The Premium License Tax Report is subject to a \$50 per day Late Form Filing Fine. All payments made subsequent to March 1 are also subject to penalty and interest. Any filing extensions granted for the Annual Statement **DO NOT APPLY** to the Premium License Tax/Assessment forms.

MAILING ADDRESS FOR TAX PACKET FORMS ONLY
(DO NOT SEND ANNUAL STATEMENTS TO THESE ADDRESSES)

REGULAR MAIL

Wachovia Bank/State Corporation Commission
TAA Insurance 2
P. O. Box 759064
Baltimore, MD 21275-9064

OVERNIGHT OR EXPRESS MAIL

Wachovia Bank/State Corporation Commission
TAA Insurance 2
Lockbox 759064
7175 Columbia Gateway Drive
Columbia, MD 21046

MAILING ADDRESS FOR TAX PACKET FORMS ONLY (cont.)

If you are sending forms/checks via CERTIFIED MAIL, you **MUST** write the Certified Article Number in the space provided in the "Preparer's Name" box. The Article Number must appear on all forms submitted in that packet. This information will be used, when necessary, to verify receipt of forms.

REFUNDS

Overpayments shown on one form **CANNOT** be used to offset an amount due on another form. Overpayments **CANNOT** be used to pay quarterly estimated payments for the upcoming year. All overpayments will be refunded in accordance with the appropriate Virginia Code section at a later date.

COMPUTER GENERATED FORMS

Computer generated forms must be approved **ANNUALLY** by the Bureau of Insurance prior to use. The software packages used to complete the tax packet must be updated each time the software company updates the program. All forms showing an incorrect Form ID number will be returned, along with any payment that was made. Returned forms and payments postmarked after the due date will be considered filed late and **WILL BE SUBJECT TO LATE PAYMENT PENALTY AND INTEREST THAT WILL NOT BE WAIVED**. THE BUREAU OF INSURANCE WILL NOT BE HELD RESPONSIBLE FOR ANY ERRORS THAT OCCUR DUE TO FILING COMPUTER GENERATED FORMS.

The Bureau has approved forms generated by the following companies.

Deloitte & Touche, LLP
1751 Lake Cook Road, Suite 200
Deerfield, IL 60015

TriTech Software Development Corp.
740 E Campbell Road, Suite 400
Richardson, TX 75081

DIRECT GROSS PREMIUM INCOME

Includes:

all premiums, assessments, dues and fees collected, received or derived, or obligations taken therefor, from business in the Commonwealth of Virginia during the calendar year 2005. Reciprocal or inter-insurance exchanges shall include in this report the gross premium or deposit income collected, received or derived from and credited to the accounts of subscribers from business in Virginia during 2005, decreased by all returns for cancellation and all amounts returned to subscribers or credited to their accounts as savings.

Finance and Service Charges shown on Schedule T that are not included in direct written premium.

Uninsured Motorist Fund distribution is shown in the Annual Statement as automobile liability premium. It will be necessary to manually adjust the Annual Statement if this distribution was received after December 31st. The UM Fund premium is to be shown in the box on Line 1 of the Premium License Tax Report and Maintenance Assessment Report. Penalty and interest **will be due** if this amount is not shown and has to be added as additional premium during the audit.

Excess Workers' Compensation Insurance premiums should be identified as Other Liability on Line 17, Page 20 of the Annual Statement. In the absence of such proper segregation of premiums, a reconciliation is required to be shown on each report it affects, accounting for excess liability premiums.

Cash Surrender Values used to purchase replacement policies are included as direct gross premium income. In the absence of proper reporting of such premiums, a reconciliation is required to be shown on each report it affects, accounting for cash surrender values.

A Total Taxable or Assessable Premium that is negative should be treated as zero. Negative premiums do not result in a refund. Only the amount of estimated payments can be refunded.

Excludes:

premiums received for reinsurance assumed from licensed insurance companies; premiums that provide life, accident and sickness insurance issued on a group basis insuring your employees, agents and representatives; Federal Employee Health Benefit Plan premiums; federally reinsured crop insurance premiums; and (on the Premium License Tax Report ONLY) Workers' Compensation premiums.

Deductions:

cannot be taken for dividends paid nor on any other account except for premiums returned on canceled policies or on account of a reduction in rates or a reduction in the amount insured. Mutual insurers, other than life companies, may deduct refunds or returns made to policyholders otherwise than for losses.

CREDITS (to be shown on the Premium License Tax Report)

GUARANTY FUND ASSOCIATION CONTRIBUTIONS

*(If guaranty fund credit is not being requested, **do not** submit the Guaranty Fund Credit Affidavit/Worksheet.)*

Guaranty Fund Credit Affidavit *AND* supporting Guaranty Fund Credit Worksheet must both be completed **ONLY** if a credit is shown on the Premium License Tax Report. Lines 1 – 10 of the Worksheet must be completed for each Certificate being shown for credit. **Form 51 will be returned and considered not filed if it is not completed properly. If Form 51 is not corrected properly and/or returned within 30 days from the due date shown in the returning letter, credit will NOT be given for any reason.**

Guaranty Fund Credits in excess of the tax liability are not refundable nor can they be carried forward.

CREDIT WILL NOT BE GIVEN FOR ANY CERTIFICATE NOT SHOWN ON THE WORKSHEET.

The credits on Line 10 of the Worksheet must be totaled and shown in the box provided on the Affidavit. Credits must still be reduced by the appropriate FIT benefit. Staple the Affidavit and Worksheet(s) as one package. **DO NOT** staple it to the tax report. **DO NOT SUBMIT** copies of Certificates of Contribution. Complete the Affidavit carefully to ensure proper credit is taken.

OTHER CREDITS

Other allowable credits are listed below along with the applicable Code of Virginia cite. Code provisions must be strictly followed and appropriate documentation must be submitted in order to receive credits.

Major Business Facility Job Tax Credit - § 58.1-439

Enterprise Zone Business Tax Credit - § 59.1-280

Retaliatory Tax Credit - § 58.1-2510

Historic Rehabilitation Credit - § 58.1-339.2

Worker Retraining Tax Credit - § 58.1-439.6

Low-Income Housing Credit - § 58.1-435

Employees With Disabilities Tax Credit - § 58.1-439.11

Neighborhood Assistance Tax Credit - § 63.2-2003

ESTIMATED PAYMENTS

Quarterly estimated tax and assessment payments are made per the Declaration of Estimated License Tax and Estimated Assessment (Form 60). Use the Declaration's **Line 5**, to determine the proper estimated payment to be included on the reports. Use Line 5, Column 1, for Premium License Tax and Line 5, Column 2, for Maintenance Assessment. Using the wrong figure could result in additional money being due upon audit. Any payment made after March 1 **will be** subject to penalty and interest.

RECONCILIATION OF PREMIUMS TO ANNUAL STATEMENT INFORMATION

A reconciliation **MUST** be provided in the space shown on the form in any instance where premium on the form differs from the total premium shown on the State Page and/or Schedule T of the Annual Statement. The reconciliation must be provided on each form. **DO NOT** send a copy of the State Page nor Schedule T from the Annual Statement *unless* it is absolutely necessary to reconcile the reported premiums.

TAX/ASSESSMENT ADDRESS AND CONTACT INFORMATION (New for 2005)

The CONTACT INFORMATION must now be updated on-line. Do not mail a form to the Bureau. Click on the [Tax/Assessment Address and Contact Form](#) link in the "Insurance Company: Tax Filing Information" area of the website. You will be taken to a screen where you can bring up the current information by entering your company's Login Code (which was provided to you in a letter sent to you earlier). If you wish to change the current information, click YES to the question at the bottom of the screen. Enter the revised information and click UPDATE CONTACT INFORMATION. **Remember, you may only enter a one (1) line address of no more than 40 characters.** You will receive an e-mail confirming the change, displaying both the old and new information.

The contact should be the person responsible for answering questions regarding information stated on the tax and assessment forms. The Tax Contact Information must be kept current. **Failure to change this information, as necessary, could result in the misdirection of critical information, which may cause penalties and/or interest to be assessed.**

FRAUD ASSESSMENT REPORT

The Fraud Assessment is equal to 0.05 of 1% of **written premium, including finance & service charges**, for all property and casualty lines, except title. For Workers Compensation Group Self-Insurance Associations, this assessment is calculated on Manual Premium.

MCHIP (MANAGED CARE HEALTH INSURANCE PLAN) ASSESSMENT REPORT

The MCHIP Assessment IS NOT being collected for assessable year 2005.

RETALIATORY TAX REPORT

This is a supplemental report of additional taxes, fees, and other charges due Virginia in accordance with provisions of its Retaliatory Law, Section 38.2-1026 of the Code of Virginia, on business transacted during 2005. The report should show all taxes, fines, penalties, fees for licenses or certificates of authority, or any other sum exacted for the privilege of doing business imposed against Virginia insurance companies or their authorized agents by the State or subdivision thereof in which the company is domiciled. The taxes, fees, etc. are based upon the same kinds of insurance and amount of premium income which the reporting company has transacted in Virginia during 2005, **EXCLUDING Workers' Compensation in ALL calculations for Col. B.** The reported taxes, fees, etc. should reflect those paid FOR tax year 2005, not those paid IN 2005 for another tax year.

REDUCED TAX RATES OR TAX CREDITS BASED ON INVESTMENTS:

Companies domiciled in states that allow reduced tax rates or tax credits based on investments **MUST** use their Virginia investments for the comparison. The reduced tax rate or tax credit can only be used if the Virginia investments are sufficient to produce the reduced rate.

MUNICIPAL TAXES AND FEES:

Companies domiciled in Alabama, Florida, Georgia, Kentucky, Louisiana, Missouri, South Carolina or West Virginia must include municipal taxes and/or fees using the information on the chart that will be sent in the near future.

NEW YORK DOMICILED COMPANIES:

New York companies may want to ESTIMATE AND PAY a tentative retaliatory tax, based on estimated franchise tax information (forms must be appropriately marked "ESTIMATED"), with the Retaliatory Tax Report by March 1st in order to avoid penalties and interest associated with all payments made subsequent to March 1st. The New York Franchise Tax forms, CT-33, CT-33-NL and CT-33-M, prepared on the Virginia basis, are to be filed in Virginia immediately upon filing the franchise information in New York. If an extension has been granted in New York, please staple a copy of Form CT-5 to the Retaliatory Tax Report.

ILLINOIS DOMICILED COMPANIES:

Illinois companies must include the Illinois Income Tax (IL-1120 on the Virginia basis) in Col. B of the Retaliatory Tax Report. You may want to ESTIMATE AND PAY a tentative retaliatory tax, based on estimated Illinois Income Tax information, in order to avoid penalties and interest associated with all payments made subsequent to March 1st. A copy of the Illinois Income Tax (IL-1120) forms, prepared on the Virginia basis, is to be filed in Virginia immediately upon filing the income tax information in Illinois. **NOTE: Companies filing Unitary Business Group forms in IL must complete a separate IL-1120 for each company within the group that is licensed in VA, using apportioned figures. DO NOT submit a spreadsheet giving the information.** If an extension has been granted in Illinois, please staple a copy of the extension form to the Retaliatory Tax Report.

The Fire Department Tax shown on Line 2 must include the additional 2% tax charged foreign companies. Do not include the Cost Containment Fee in Column B as Illinois specifically states it is not to be included.

INCLUDE IN COL. A: (READ THIS INFORMATION CAREFULLY AND INCLUDE ALL FEES PAID)

the Annual Corporation Registration Fee submitted to the Clerk of the State Corporation Commission; the Safekeeping Deposit Fee submitted to the VA Treasury Department; Workers' Compensation Tax paid to the Workers' Compensation Commission; the Birth-Related Neurological Injury Compensation Fund Assessment (BIF Assessment) assessed by the Bureau of Insurance, but payable and sent to the Fund at 9100 Arboretum Parkway, Richmond, VA; all tax and assessment fees paid to the Bureau of Insurance, including Agent Appointment Fees. Agent Appointment Fees are determined by obtaining the Quarterly Billing Notices from your company's agent licensing section. The Quarterly Billing Notices needed for the 2005 tax year will be dated April, July, October, 2005 and January 2006.

ADDITIONAL INFORMATION

Each form should be treated as if it were being filed alone. Checks should be attached to each form separately so, when the bank removes the check for processing, any attachments remain attached to the form. At the present time, the Bureau of Insurance does not have the capability to accept any Electronic Funds Transfer (EFT) tax payment transactions. Notification will be sent to all companies if this capability becomes available.

If you have questions regarding any of the above information or any of the forms provided, please contact Joyce Doss at (804) 371-9096, or via e-mail, Joyce.Doss@scc.virginia.gov, prior to filing the forms.

Links are provided for relative statutes of the Code of Virginia and a tax rate chart. Forms can be filled out on-line, but must be printed and mailed. We DO NOT accept electronic filings of any tax/assessment report.

I have read these instructions in their entirety and wish to proceed to download the appropriate annual tax and assessment forms.